

November 12, 2013

**COMMENTS ON LIBERIA'S INVESTMENT PLAN
SUBMITTED BY THE SUB-COMMITTEE MEMBER FROM NORWAY**

Dear CIFadmin unit,

Thanks for a fruitful SREP meeting in DC 31st October, where the Liberia IP was presented. As promised, find below Norwegian comments, concerns and questions to the Liberia IP in writing. Some were raised at the meeting, and some are more technical questions/comments from our energy advisers. We look forward to the response from Liberia/the MDBs involved to the issues raised below.

Thanks and best regards,
Bente Weisser

Norwegian comments/questions to the Liberia IP:

- The report provides a very good and comprehensive review of the electricity sector in Liberia, and the Investment Plan is correctly described as a complement to and an implementing part of existing plans by targeting mini-grids and stand-alone renewable services in remote areas.
- The Investment Plan is well aware of the very low capacity of the implementing agencies in MLME and RREA Norway would appreciate more information about how this serious challenge of low capacity in central and local institutions crucial for the implementation of the SREP IP will be dealt with.
- MLME, RREA and Liberian Hydrological Service are receiving support from Norway through cooperation with Norwegian Water Resources and Energy Directorate (NVE). It is important that all future efforts building capacity and developing regulatory framework including tariffs within these institutions are well coordinated.
- The Investment Plan consists of relative small projects with capacity of around 1 MW, and the report states “For each of the SREP subprojects, separate comprehensive environmental and social assessments will be undertaken.” (Page 46).
 - Full (comprehensive) ESIA, ESMP and RAP for all projects of this very small scale may seem to be out of proportion, and will certainly be time consuming, expensive and will definitely not attract the private sector for future similar projects.
 - Studies and mitigating measures should be downscaled and tailored for each project and based on screening and known/expected potential conflicts.

- The Investment Plan also acknowledges the situation in Liberia regarding high risks for private sector investments, and the first phase of the implementation of the plan is based on grants only. Private sector could be involved in the second phase benefiting from pilot projects and experience from phase I.
 - The current tariff in Monrovia is about USD 0.54, and is expected to be reduced to USD 0.20-0.25 in 2016 when Mt. Coffee is on grid.
 - The Investment Plan indicates average electricity costs USD 0.375 and 0.359 for phase I and II projects. These costs are rather high, and may lead to a high tariff if based on cost reflective principles and a social tariff profile for poor people. (Page 40).
 - Such high basic costs will probably not attract private investors who will add their rate of return and risk to the basic costs.
 - For the small scale hydropower projects simple but robust standard solutions should be chosen to keep the costs low and facilitate maintenance.
 - Other potential small scale hydropower sites and more reliable data could be provided from the Liberian Hydrological Service supported by NVE.
- Energy+ will support the Investment Plan with MUS\$ 1.5 for technical Assistance and MUS\$ 18.0 as result based payment in phase I.
 - However, the exact modus operandi and how the funds should be channeled are still to be decided through conversations with Liberia, the WB, the Norwegian Embassy in Accra and Energy +.

Bente Weisser
Senior Adviser
Section for Multilateral Development Finance and Global Economic Issues
Norwegian Ministry of Foreign Affairs
Postboks 8114 Dep, NO -0032
Oslo, Norway
Visiting address: 7. Juni plass 1
Tel: +47-23951550
Mobile: +47 90736364